

# How the State of Montana Assures Dependent Eligibility for Health Insurance

**Limited controls exist to assure compliance with dependent eligibility criteria for State of Montana health insurance.**

## Audit Findings

The State of Montana insures approximately 31,000 individuals consisting of active employees, retirees and dependents. [The largest of these groups is dependents, comprising 51 percent of the total.](#) A dependent is defined as the eligible employee's lawful spouse or declared domestic partner. A dependent may also be the eligible employee's dependent child who is under age 25, unmarried, not employed with an organization for which the dependent is entitled to group insurance, and not in full-time active military service. [Eligibility controls for adhering to dependent eligibility criteria exist in only one area.](#) The Department of Administration (DOA) provides assurance that dependents over 25 are not covered under the State of Montana health insurance. DOA has an internal control built into the state human resource system which calculates and verifies the age of dependents. However, there is not a comprehensive system of controls in place and most eligibility criteria are not monitored. [DOA relies on employee honesty as an assurance of eligibility.](#) Audit work identified ineligible dependents in the following categories:

- Deceased
- Ex-spouses
- Married children
- Children working full-time

The total number of ineligible dependents identified was 149. This is out of all 16,000 dependents. A sample of ineligible dependents showed claims paid on ineligible dependents ranged from \$0 to \$11,707 per individual. Industry standards affirm the need for eligibility verification. Regularly scheduled dependent eligibility audits would help assure the state's plan covers only eligible dependents. [Audit findings identified ineligible dependents being covered under the State of Montana health insurance plan for as long as 75 months.](#) Each ineligible dependent being covered, adversely affects claim payments, premiums, and is an unnecessary expense to the State of Montana.

## Audit Recommendations

This report provides recommendations to implement a system of accountability regarding dependent eligibility for State of Montana health insurance.